

Testimony before the House Commerce Committee

House Bill 4734

May 17, 2005

Chairman Huizenga and members of the House Commerce Committee:

First and foremost, let me take this opportunity to thank you for allowing me to testify today before your committee on legislation which I have sponsored pertaining to the SBT brownfield credit program.

As most of you are aware, brownfield properties are most commonly abandoned under-used industrial facilities sites that have been contaminated. By redeveloping these parcels, communities can rebuild their tax base, upgrade their infrastructure, and improve their neighborhoods.

Today, you will be hearing from a variety of developers, community leaders and experts in the field of brownfield redevelopment who have far more experience in the brownfield credits application process and who can better describe just how the current SBT credit program is discouraging smaller scale projects.

House Bill 4734 is a piece of legislation which attempts to simplify the application process for smaller projects. The bill sets forth the criteria for applications under \$200,000. It also creates a new category of funding for such projects and shortens the time and scope of the application process.

For the members review, attached to my written testimony is a chart detailing the various types of credits under the brownfield SBT program and dollar amounts associated with each credit. That chart compares the current structure of the program to how the program would be structured if this legislation were to pass.

I have also provided sample copies of two different brownfield credit application forms. By simply reviewing these different applications, you can begin to understand why some of the smaller projects are deterred from submitting new applications.

Lastly, before answering any questions from the members, I would say that I look forward to working with each of you and other interested parties on this legislation. I imagine that there are a number of questions and concerns surrounding this proposal, and the fact remains that there is room for improving this legislation. Furthermore, the bill as introduced may have some unintended consequences that need to be address and resolved before action is taken on this bill.

Thank you for your time and attention. I would be happy to address any questions of the committee.

Sincerely,

Kevin A. Elsenheimer
State Representative
105th House District

SBT Brownfield Credits

Types, Amounts & Allocations

Current SBT Credits

TYPE of CREDIT	TOTAL AMOUNT of CREDITS available	TOTAL AVERAGE ALLOCATED CREDITS per/year during the past 5 years	REMAINING CREDITS AVAILABLE
JUMBO/MEGA <ul style="list-style-type: none"> • Jumbo: Between \$10 - \$30 million • Mega: Between \$1- \$10 million 	Up to 15 projects <ul style="list-style-type: none"> • 3 Jumbos up to \$30 million each less than \$90 million per/year • 12 or 15 Megs up to \$10 million each, less than \$120 million per year Total: \$210 million	\$14.5 million in Jumbo credits per/year \$36 million in Mega credits per/year Total: \$50.5 million	\$159.5 million
STANDARD <ul style="list-style-type: none"> • Less than \$1 million 	Unlimited projects totaling less than \$30 million per/year	Nearly \$30 million in credits per/year	
TOTAL	<u>\$240 million per/year</u>	\$80.5 million per/year	

Proposed Restructuring of SBT Credits under (H-1)

TYPE of CREDIT	TOTAL AMOUNT of CREDITS available
JUMBO/MEGA <ul style="list-style-type: none"> • Jumbo: Between \$10 - \$30 million • Mega: Between \$1- \$10 million 	Up to 15 projects <ul style="list-style-type: none"> • 3 Jumbos up to \$30 million each less than \$90 million per/year • 12 or 15 Megs up to \$10 million each, less than \$120 million per year Total: \$190 million
STANDARD <ul style="list-style-type: none"> • Less than \$1 million 	Unlimited projects totaling less than \$30 million per/year
SMALL <ul style="list-style-type: none"> • Less than \$200,000 	No more than 100 projects totaling less than \$20 million per/year
TOTAL	<u>\$240 million per/year</u>

Information was compiled from MI Chamber of Commerce and includes unverified estimated numbers

Note: Changes to the SBT Brownfield Credit Programs are reflected in **bold text**

1777 Application form

Michigan Dept of Treasury SBT
3397 (1-99)

REQUEST FOR APPROVAL OF BROWNFIELD REDEVELOPMENT CREDIT

This form must be completed and attached to the *Single Business Tax Annual Return* (C-8000) when claiming a Brownfield Redevelopment Credit.

PART 1: To be completed by the municipality.

1. Parcel number(s) and street address of eligible property under a Brownfield plan.

Parcel Number(s)
Street Address

2. Date the Brownfield plan designating the eligible property was approved by the governing body of the municipality.

Date Approved

3. This is to certify that the property identified above is designated as an eligible property in an approved Brownfield plan.

Affix seal here:

Name of Municipality
Signature of Authorized Clerk
Telephone Number ()

PART 2: To be completed by the taxpayer requesting Brownfield SBT Credit.

4. Taxpayer Name

Federal Employer ID Number

5. Date eligible activity on the above named eligible property started pursuant to Brownfield plan.

Date Eligible Activity Started

6. Date eligible investment began on above mentioned eligible property.

Date Eligible Investment Began

7. This is to certify that: (1) the investment was made on the property identified above which is a facility as defined in section 20101 of part 201 of P.A. 451 of 1994, being section 324.20101 of the Michigan Compiled Laws and (2) that the taxpayer as shown in Part 2, item 4, is not liable for response activity at the eligible property for which a credit is being claimed (P.A. 451 of 1994; MCL Section 324.20126).

Taxpayer Signature	Date
Title	Telephone Number ()

INSTRUCTIONS FOR REQUEST FOR APPROVAL OF BROWNFIELD REDEVELOPMENT CREDIT

This form must be completed and attached to the *Single Business Tax Annual Return* (C-8000) for the Brownfield credit to be valid.

Part 1. To be completed by the municipality.

1. Enter the parcel number(s) and street address of the eligible property under a Brownfield plan.
2. Enter the date the Brownfield plan designating the eligible property was approved by the governing body of the municipality.
3. Complete this area, then affix your seal.

Part 2. To be completed by the taxpayer requesting the Brownfield SBT credit.

4. Enter the name and federal employer number of the taxpayer requesting the credit.
5. Enter the date the eligible activity on the eligible property started pursuant to the Brownfield plan. Eligible activities are one or more of the following:
 - a. baseline environmental assessment,
 - b. due care activities, or
 - c. additional response activities.

Note that these activities must be started before any investment can be claimed for an SBT Brownfield credit.

6. Enter the date the eligible investment began on the eligible property. Eligible investments include costs for demolition, construction, restoration, alteration, renovation or improvement of the buildings on the eligible property, and addition of machinery, equipment and fixtures to the eligible property.

7. Please read this area carefully. By signing this form, you are certifying that the investment was made on the property described in Part 1, and that it is a facility as defined. You are also certifying that you are not liable for response activity at the eligible property.

Attach this completed document to your *Single Business Tax Annual Return* (C-8000). Remember, you must also complete a *Single Business Tax Miscellaneous Credits* form (C-8000MC).

For information about eligibility requirements of how to file a Brownfield Redevelopment Plan, contact your local Brownfield Redevelopment Authority. For questions about the credit, contact the Single Business Tax Division at (517) 373-8030.

Additional Information. Visit the Department of Environmental Quality, Environmental Assistance Center web page at: www.deq.state.mi.us/ead or call 1-800-662-9278.

Also, the Brownfield Non-Profit Network has a web page at: www.brownfieldsnet.org

Michigan Economic Growth Authority (MEGA)

Michigan Economic Development Corporation

Brownfield Incentives Program

Project Notice of Intent

Revised 3/16/2004

For Office Use Only

Date Received

Staff Assigned

Response/Date

Applicant Entity Legal Name (business entity to receive program benefits)		Applicant Contact Name and Phone	
Applicant Address (Street/P.O. Box/City, State and Zip Code)		Primary Project Contact Name and Phone	
Project Street Address		Project City, Village, or Township	
Local Brownfield Authority Contact & Title		Brownfield Contact Phone	
Has the Michigan Department of Environmental Quality ever sued or issued a unilateral order to you pursuant to Article 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.201.01 to 324.201.42 to compel response activity on or to the eligible property, or expended any state funds for response activity on or to the eligible property and demanded reimbursement for those expenditures from you?			
<input type="checkbox"/> No <input type="checkbox"/> Yes - This project is not eligible for brownfield incentives			
Is the Project Area part of an approved Brownfield Plan? <input type="checkbox"/> Yes <input type="checkbox"/> No - Local Brownfield Redevelopment Authority must approve the Brownfield Plan before formal application to the MEDC			
PROJECT QUALIFICATION (check one) – Attach a location map, site map, and pictures of the subject property			
<input type="checkbox"/> Contaminated Facility – Attach a Phase I or Phase II Environmental Assessment (Phase II will be required at formal application)			
<input type="checkbox"/> Functionally Obsolete – Core Communities Only – Attach a statement from a Level III or IV assessor attesting to functionally obsolete status			
<input type="checkbox"/> Blighted - Core Communities Only – Attach a statement explaining how the property meets the standard for blighted property per 126.2652(e)			
Explain how the condition cited above to qualify the project will be addressed and alleviated. Include the estimated cost of addressing the condition.			
PROJECT DESCRIPTION Provide information about the type of project			
<input type="checkbox"/> Manufacturing	Jobs Created	Jobs Retained	Average Hourly Wage
<input type="checkbox"/> Commercial/Retail	Jobs Created	Square Footage	Average Hourly Wage
<input type="checkbox"/> Housing	Type of Units	Number of Units	Rental or Purchase Price
<input type="checkbox"/> Other (explain)			
Detailed Project Description			
Is the project located at a contaminated facility? If so, are there due care and/or remediation costs associated with the project? Will a responsible party directly or indirectly benefit from this project? Has a request for Brownfield TIF assistance been submitted to the DEQ? If not, why?			
Project Timing – When will eligible activities or investment begin? When will the project be completed?			
Project Financing – Explain sources and amounts of the financing that will be used to support the project.			
What incentives are requested for the project?			
If Single Business Tax (SBT) credits are requested, list the applicant's (SBT) liability for the last three years.			
Why does the project need incentives? Are there excess costs or market conditions that make investment at the project site difficult?			
PUBLIC BENEFIT Describe the benefit to the public that will result from completion of this project.			

OTHER FACTORS Describe any other factors that should be considered in evaluating this project.

GOVERNMENT ASSISTANCE An indication of local support for the project is required. Projects that are supported by the host community through TIF revenues, property tax abatements, etc. are more likely to receive consideration for MEGA incentives. List the type and dollar amount of any local, state or federal incentives to be requested for this project, including tax increment financing, grants, loans, tax abatements etc.

Double click in any cell of the table below to enter the information using Excel:

GOVERNMENT ASSISTANCE (list all below)	ESTIMATED VALUE	COMMENTS/NOTES
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
TOTAL	\$0	

PROJECT COSTS Include the estimated costs of eligible activities and investments in the table below. Note that property acquisition costs are not eligible for Brownfield incentives.

Double click in any cell of the table below to enter the information using Excel:

COST CATEGORY	ESTIMATED COST	COMMENTS/NOTES
LOCAL & DEQ TIF ELIGIBLE ACTIVITIES		
Baseline Environmental Assessment	\$0	
Due Care Activities	\$0	
Additional Response Activities	\$0	
Total Local & DEQ TIF Eligible Activities	\$0	
LOCAL & MEGA TIF ELIGIBLE ACTIVITIES - CORE COMMUNITIES ONLY		
Public Infrastructure Improvements	\$0	
Demolition (Non Response)	\$0	
Lead Abatement	\$0	
Asbestos Abatement	\$0	
Site Preparation (Non Response)	\$0	
Relocation of Public Buildings or Operations	\$0	
Total Local & MEGA TIF Eligible Activities	\$0	
ELIGIBLE INVESTMENTS FOR SINGLE BUSINESS TAX CREDITS		
Demolition of Buildings	\$0	
Site Improvements	\$0	
Construction of New Buildings	\$0	
Restoration, Alteration, Renovation & Improvement of Buildings	\$0	
Addition of Machinery, Equipment & Fixtures	\$0	
Total Eligible Investments	\$0	
TOTAL	\$0	

APPLICANT SIGNATURE

Signature	Date
Typed Name	Title

USER TRACKING

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Michigan Economic Growth Authority (MEGA)
Michigan Economic Development Corporation

SUBMISSION & REVIEW PROCEDURES This form can be submitted electronically or by mail.

Answers should be as complete as possible. Form fields will expand if needed.

Complete submissions must include two (2) copies of the following:

- Completed Notice of Intent Form
- Location Map
- Site Map
- Pictures of Subject Property
- Letter of support from an authorized official of the local brownfield authority or local unit of government
- If approved, a copy of the local Brownfield Redevelopment Plan, including the signed resolution

If the project materially changes after submission of this form, the form should be updated, and resubmitted to the MEDC. Please make sure that it is clear that the materials are related to a previously submitted project, not a new project.

When submitting electronically, the required attachments must be sent with the message. Electronic submissions should be addressed to taylorv@michigan.org

To submit by mail, send this form and related attachments to:

Michigan Economic Development Corporation
Michigan Economic Growth Authority, Brownfield Program
300 North Washington Square 4th Floor
Lansing, MI 48913

After MEGA Staff has reviewed your request, you will be notified by mail of the results of the review.

PROGRAM CONTACTS If you have questions about the program or the review process, please contact:

Vern Taylor	517-373-7696	taylorv@michigan.org
Duane Thelen	517-335-1972	thelend1@michigan.org

CRITERIA FOR BROWNFIELD INCENTIVES

- **The host community is a willing participant in the project and is making a reasonable local contribution to the project through programs such as TIF, property tax abatements, Neighborhood Enterprise Zones, local revolving funds, etc.** A community seeking a Brownfield SBT credit for a particular project will be expected to make a reasonable contribution to the project. For most projects, the Brownfield Redevelopment Authority Tax Increment Finance (TIF) work plan will be expected to cover the eligible activities related to the project. The intent of the Brownfield Redevelopment Program is for the TIF to pay for the cost difference between a Brownfield and a Greenfield site. Extra costs related to the project that spring from the site's status as a brownfield, such as due care, additional response activities, and (in core communities only) demolition, site preparation, infrastructure improvements, and lead and asbestos abatement should be the responsibility of the TIF work plan and not the SBT credit. A community can, however, demonstrate their commitment to the project through other means, such as tax abatements, etc., if the need for a TIF to cover eligible activities is not practical or needed.
- **The project supports development of "Cool Cities", redevelopment in Core Communities and downtown areas and near downtown areas.** These activities include existing retail areas and business districts, and industrial parks or significant commercial nodes. These projects can be mixed use, residential, commercial, office, or arts/culture entertainment, manufacturing, or service industry related.
- **Projects that, even after the Brownfield Redevelopment Authority TIF has mitigated the excess costs of the site related to brownfield conditions, still need an incentive to reuse the site due to market conditions, risk or other factors.** In order to be approved, projects must demonstrate that without brownfield incentives, the project would not go forward.
- **Project plans that reasonably improve the condition that qualifies the project as a brownfield.** Projects that qualify as brownfields but then do not correct the brownfield condition will generally not be approved.
 - In cases where a project qualifies as a "facility", adequate due care and additional response activities must be undertaken and addressed through the local TIF.
 - Projects that qualify as a brownfield due to blighted or functional obsolescence must significantly improve or affirmatively cure the brownfield condition. Eligible investments must include a significant investment in capital improvements to the structure or structures.
- **Projects that help our state's manufacturers meet the pressures of national or international competition by reusing existing facilities and preserving or creating new jobs.**

Michigan Department of Treasury
3660 (Rev. 3/03)

SBT Brownfield Redevelopment Credit Project Preapproval Application

Issued under authority of P.A. 228 of 1975 as amended. Filing is Mandatory.

For Single Business Tax Credits of \$1 million or less

SBT OFFICE USE ONLY

Parcel No(s).	Project No.
Date Received	Date of Preapproval or Denial Letter

PART 1: QUALIFIED TAXPAYER INFORMATION.

Enter Project Name:

Qualified Taxpayer #1	1. Qualified Taxpayer Name	2. Organization Type (check one)	
	d/b/a	<input type="checkbox"/> Individual	<input type="checkbox"/> Fiduciary
	Address (Street, P.O. Box, RR#)	<input type="checkbox"/> Professional Corp.	<input type="checkbox"/> S. Corp
	City, State, ZIP	<input type="checkbox"/> Other Corp.	<input type="checkbox"/> Partnership/ LLC-Partnership
		<input type="checkbox"/> Limited Liability Company-Corporation	
	3. Federal Employer ID No. (FEIN) or Treasury (TR) No.		
	4. Do you own or lease the eligible property? If "Yes", check the one that applies. <input type="checkbox"/> Own <input type="checkbox"/> Lease Documentation must be attached verifying status. If no, you are not a qualified taxpayer and are not eligible for this credit.		
	5. Has the Department of Environmental Quality ever sued or issued a unilateral order to you pursuant to Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel response activity on or to the eligible property, or expended any state funds for response activity on or to the eligible property and demanded reimbursement for those expenditures from you? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, you are not a qualified taxpayer and are not eligible for this credit.		
Qualified Taxpayer #2	1. Qualified Taxpayer Name	2. Organization Type (check one)	
	d/b/a	<input type="checkbox"/> Individual	<input type="checkbox"/> Fiduciary
	Address (Street, P.O. Box, RR#)	<input type="checkbox"/> Professional Corp.	<input type="checkbox"/> S. Corp
	City, State, ZIP	<input type="checkbox"/> Other Corp.	<input type="checkbox"/> Partnership/ LLC-Partnership
		<input type="checkbox"/> Limited Liability Company-Corporation	
	3. Federal Employer ID No. (FEIN) or Treasury (TR) No.		
	4. Do you own or lease the eligible property? If "Yes", check the one that applies. <input type="checkbox"/> Own <input type="checkbox"/> Lease Documentation must be attached verifying status. If no, you are not a qualified taxpayer and are not eligible for this credit.		
	5. Has the Department of Environmental Quality ever sued or issued a unilateral order to you pursuant to Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel response activity on or to the eligible property, or expended any state funds for response activity on or to the eligible property and demanded reimbursement for those expenditures from you? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, you are not a qualified taxpayer and are not eligible for this credit.		
Qualified Taxpayer #3	1. Qualified Taxpayer Name	2. Organization Type (check one)	
	d/b/a	<input type="checkbox"/> Individual	<input type="checkbox"/> Fiduciary
	Address (Street, P.O. Box, RR#)	<input type="checkbox"/> Professional Corp.	<input type="checkbox"/> S. Corp
	City, State, ZIP	<input type="checkbox"/> Other Corp.	<input type="checkbox"/> Partnership/ LLC-Partnership
		<input type="checkbox"/> Limited Liability Company-Corporation	
	3. Federal Employer ID No. (FEIN) or Treasury (TR) No.		
	4. Do you own or lease the eligible property? If "Yes", check the one that applies. <input type="checkbox"/> Own <input type="checkbox"/> Lease Documentation must be attached verifying status. If no, you are not a qualified taxpayer and are not eligible for this credit.		
	5. Has the Department of Environmental Quality ever sued or issued a unilateral order to you pursuant to Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel response activity on or to the eligible property, or expended any state funds for response activity on or to the eligible property and demanded reimbursement for those expenditures from you? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, you are not a qualified taxpayer and are not eligible for this credit.		
6. Will the project include an unknown lessee who will be making eligible investments? <input type="checkbox"/> Yes <input type="checkbox"/> No			
7. Is this project a multiphase project as defined in MCL 208.38g(33)(h)? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, check the one that applies: <input type="checkbox"/> Industrial <input type="checkbox"/> Manufacturing			

PART 2: GENERAL PROJECT INFORMATION

8. Contact Person (title, address, telephone, fax, e-mail address) By signing and dating this form in Part 6, the Qualified Taxpayer authorizes the department to discuss the specifics of this project with this contact person.

9. Estimated Total Cost of Eligible Investment for the Project
\$

10. Estimated Total of all Credits for this Project
\$

The amount entered here cannot be greater than \$1 million.

11. Complete the following schedule of planned eligible investment. Attach a detailed list for each category below.

	A. Estimated Cost of Eligible Investment	B. Name of Qualified Taxpayer Making Eligible Investment
<u>Type of Eligible Investment</u>		
A. Demolition of Buildings.....		
B. Site Improvements.....		
C. New Construction		
D. Restoration, Alteration, Renovation, and Improvement of Buildings		
E. Addition of Machinery, Equipment and Fixtures - only include the cost of new machinery and equipment or used machinery and equipment purchased from a broker of used equipment.		
1. By Owner of Real Property.....		
2. By Lessee of Real Property		
TOTAL		

Only investment made by qualified taxpayers or lessees is eligible for a credit. To the extent any investment is reimbursed by another party, it will not qualify for a credit. If you include investment by a lessee, the project will not be complete until that investment is made. If you do not include investment by a lessee, the lessee will not be eligible for credit for any investment made.

PART 2: GENERAL PROJECT INFORMATION (cont.)

- 12a. **Project Description.** Provide a detailed description of the project and attach all of the following: (1) A copy of the approved brownfield plan designating the eligible property, including a copy of the resolution approving the plan. (2) A map of the project of sufficient detail and scale to allow identification of parcel boundaries, project boundaries, existing and proposed building locations, and brownfield boundaries, if near the project site. (3) A map identifying any other eligible property named in a brownfield plan in the city, village, or township. This application will not be considered administratively complete and will not be accepted if these attachments are not provided.
- 12b. If the project for which you will be requesting a credit is part of a larger development (e.g., the investment has already begun or will be completed in phases), provide a description of the larger development. Indicate the phase in which the eligible investment identified in this application will occur. If future development will depend on or benefit from the eligible investment identified in this application, describe how and to what extent.
- 12c. If the project for which you are requesting a credit is a multiphase project (i.e., has more than one component, each of which can be completed separately), provide a description of each component, including the eligible investment estimated and the expected date of completion of each component. A multiphase project may not be divided into more than three components.

PART 3: QUALIFYING CRITERIA

13. Date the eligible activity on the eligible property began or the estimated date it will begin pursuant to the brownfield plan.

14. Estimated date planned eligible investment will begin on project.

15. Estimated date of completion of the project as described in Question 12a.

16. Describe the overall benefit to the public that will result from the completion of this project.

17. Will the project result in the reuse of vacant buildings or redevelopment of blighted or functionally obsolete property? ☐ Yes ☐ No

If you checked yes, describe the existing conditions of the land and buildings at the project site and explain: (a) What makes the property blighted or functionally obsolete and (b) How and to what extent the project will alleviate these conditions.

PART 3: QUALIFYING CRITERIA (cont.)

18. To the extent known, estimate the level and extent of contamination that will be alleviated by the Qualified Taxpayer's eligible activities on the project site.

19. Other than the eligible investment identified in Question 11, will there be any other private sector contributions to the project? If so, describe.

Continued on Reverse Side

PART 3: QUALIFYING CRITERIA (cont.)

20a. Describe the types and number of permanent or temporary jobs that will be created by the project. Indicate whether jobs are full or part-time, whether they include a benefit package, and the average hourly wage or salary for each type. Describe the basis for your estimates.

20b. How many of these jobs will be relocated from another location? Enter the address of the other location.

20c. How many of these jobs will be provided by an unknown lessee?

21. Is the eligible property located in an area of high unemployment? ☐ Yes ☐ No If yes, describe the extent.

22. List the type and dollar value of any local, state or federal incentives associated with this project, including grants, loans, tax abatements and tax increment financing.

23. Is the project located on property in an enterprise zone, renaissance zone, federally designated empowerment zone, rural enterprise community or enterprise community? ☐ Yes ☐ No If yes, indicate which.

24. Are you moving or will you be moving from another location in this state within the next 5 years as a result of the eligible investment?
☐ Yes ☐ No If yes, enter the address of the property from which you are moving. Is there a new owner or occupant of that property?
☐ Yes ☐ No If yes, please identify. If no, explain whether you will have any clean-up responsibility for the former location or why the former location will not become blighted or functionally obsolete.

25. Describe any other factors that should be considered in evaluating this project.

26. Attach 3 years' audited financial statements for each qualified taxpayer in Part 1. If a qualified taxpayer cannot provide three years of financial statements: (1) Explain why, and (2) Provide alternate information describing the financial capacity of each qualified taxpayer, or of affiliated entities which will assume financial responsibility for the eligible investment identified in Question 11. In addition, identify the sources and uses of funds necessary to complete the project. Provide a Projection of Operating Expenses and Income for the project for a sufficient number of years to demonstrate the project's economic viability. Provide any other information needed to support a conclusion that each qualified taxpayer is financially sound and that the project is economically sound.

Continued on Page 7

27. Complete the following **Cost GAP Comparison**. If no alternative Greenfield site was considered for the project check here ☐ and only complete the cost information for the Brownfield site.

Brownfield Site/Location	Greenfield Site/Location
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Costs to Install Infrastructure on Project Site
(Include hook-up costs but not recurring charges)

	Brownfield Site	Greenfield Site	Difference
Water	\$	\$	\$
Sewer			
Gas			
Electricity			
Road			
Railroad			
<i>Total Infrastructure Costs</i>	\$	\$	\$

Real Property Costs

Land Acquisition	\$	\$	\$
Demolition			
Response Activities <small>(baseline environmental assessment, due care, etc.)</small>			
Site Improvements			
Zoning, Permits and Inspections			
Building - Purchase			
Building - New Construction			
Building - Annual Lease			
Leasehold Improvements			
<i>Total Real Property Costs</i>	\$	\$	\$

Estimated Annual Taxes
(Net of abatements and credits described in Question 22)

Local Business Income	\$	\$	\$
Real Property - Land			
Real Property - Building			
Personal Property			
<i>Total Annual Tax Costs</i>	\$	\$	\$

Other Operating Costs (Recurring)

Labor	\$	\$	\$
Insurance			
<i>Total Other Costs</i>	\$	\$	\$

Total Difference:

Continued on Reverse Side

PART 4: MUNICIPALITY CERTIFICATION OF APPROVED BROWNFIELD PLAN

To be Completed by Municipality Where Eligible Property is Located

28. Parcel number(s) where the eligible property is located		29. Date the brownfield plan designating the eligible property was approved by the governing body of the municipality or county.	
30. Street address(es) where the eligible property is located		31. Name of the qualified local unit of government (if applicable)	
		32. Type of eligible property <input type="checkbox"/> Facility <input type="checkbox"/> Blighted <input type="checkbox"/> Functionally Obsolete	
Affix Seal Here	CERTIFICATION <i>I certify that the property identified above is designated as an eligible property in an approved brownfield plan.</i>		
	33. Name of Municipality and County		34. Telephone No.
	35. Signature of Authorized Clerk		

PART 5: DESIGNATED REPRESENTATIVE

The following qualified taxpayer will designate when the approved project is completed and determine how credits shall be distributed among the qualified taxpayers if there are cost overruns at the completion of the project. If this is a multiphase project, this qualified taxpayer will also determine how credits will be distributed when a component certificate of completion is requested.

Name	Title	Telephone No.
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PART 6: QUALIFIED TAXPAYER CERTIFICATION

I certify that I am a qualified taxpayer and that the information contained in this application and all attachments is true and correct to the best of my knowledge. I further agree to the qualified taxpayer identified in Part 5 as the designated representative for this project. I further authorize the department to discuss the specifics of this project with the contact person identified in Question 8.

#1	Signature of Qualified Taxpayer	Name and Title (type or print clearly)	Date
#2	Signature of Qualified Taxpayer	Name and Title (type or print clearly)	Date
#3	Signature of Qualified Taxpayer	Name and Title (type or print clearly)	Date

PART 7: MAILING INFORMATION

Send your completed preapproval application to the address below if:

- The amount entered on line 9 (cost of eligible investment for the project) does not exceed \$10 million AND the amount entered on line 10 (credit) does not exceed \$1 million.
OR
- The amount entered on line 9 (cost of eligible investment for the project) is more than \$10 million but the amount entered on line 10 (credit) does not exceed \$1 million.

Michigan Department of Treasury
 Brownfield Redevelopment Credit/SBT
 P.O. Box 30482
 Lansing, Michigan 48909-7982

If the cost of eligible investment for a Brownfield Redevelopment project is more than \$10 million, and you are requesting a credit of more than \$1 million, approval by the Michigan Economic Growth Authority for up to 10% of the eligible investment is required. Please contact the Michigan Economic Development Corporation at (517) 241-5982 for more information.

GENERAL INSTRUCTIONS

- **Read the following instructions carefully before completing the application.** An incomplete or improperly completed application will not be considered administratively complete and will be returned unprocessed.
- **A decision will be rendered within 45 days for those applications administratively complete.** If an application must be resubmitted, the 45 days allowed by law for the Treasurer or the Treasurer's designee to make a determination will begin again on the date the Department of Treasury receives the properly completed application.
- **Do not use this application to request a credit greater than \$1 million. This application is for Department of Treasury approval of credits of \$1 million or less.** A credit in excess of \$1 million requires approval by the Michigan Economic Growth Authority for up to 10% of the eligible investment. Please contact the Michigan Economic Development Corporation at (517) 241-5982 for information.
- Attach additional pages if you need more room to provide a more complete answer to a question.
- If you have questions about the application, contact the Department at (517) 373-3196.

What is the Brownfield Credit?

Public Act 228 of 1975 as amended provides a Single Business Tax (SBT) incentive for the redevelopment or improvement of a facility (contaminated property), or functionally obsolete or blighted property, provided that certain conditions are met. A qualified taxpayer may claim a credit against the Single Business Tax, provided the taxpayer has a preapproval letter for the project issued after December 31, 1999 and before January 1, 2008 and the project is completed not more than five (5) years after the preapproval letter is issued. The preapproval letter will establish the maximum cost of eligible investment and credit that will be available for the project.

The application for preapproval of a project consists of narrative descriptions, forms and supporting documents necessary for a complete review and evaluation of the proposed project.

All applications must include the following:

- Part 1: Qualified Taxpayer Information
- Part 2: General Project Information, including a detailed description of planned eligible investment
- Part 3: Qualifying Criteria
- Part 4: Municipality Certification of Approved Brownfield Plan (Seal must be affixed)
- Part 5: Designated Representative
- Part 6: Qualified Taxpayer Certification (Must be signed by each qualified taxpayer)
- Documentation verifying each qualified taxpayer's status as an owner or lessee of the eligible property (e.g. signed lease agreement, copy of warranty deed, etc.)

- Copy of Approved Brownfield Plan designating the eligible property (Must include resolution approving the plan and a map identifying the eligible property)
- Map identifying any other eligible property in the city, village, or township named in a brownfield plan.
- Three years' audited annual financial statements for each qualified taxpayer and a projection of operating expenses and income for the project. See instructions for question 26 for more information.
- **New** - If the project is on property that is functionally obsolete, you must include an affidavit signed by a level 3 or level 4 assessor stating that the property is functionally obsolete and the basis for that opinion. See definitions on the final page of these instructions for a definition of "functionally obsolete."

The application process concerns the preapproval of a project. Since a project must include the total of all eligible investment on an eligible property, whether one individual or several entities make that investment, a preapproval application must be completed on behalf of all qualified taxpayers who will be making eligible investment. The application must also include the addition of machinery, equipment and fixtures by a lessee if that investment is to be eligible for the credit.

As part of the application for a project, the qualified taxpayers must designate authority to one qualified taxpayer to determine when a project is complete and when a certificate of completion may be requested. This designee will also determine how cost overruns will be handled if the cost of eligible investment upon completion exceeds the amount included in the preapproval letter. For a multiphase project, this designated qualified taxpayer will also determine how credits will be distributed when a component certificate of completion is requested.

Eligibility

A property must have been designated as eligible property in an approved brownfield plan under the Brownfield Redevelopment Financing Act.

A qualified taxpayer must own or lease eligible property, and must certify that the Department of Environmental Quality (DEQ) has not sued or issued a unilateral order to the taxpayer to compel response activity on that property. In addition, the DEQ may not have expended any state funds for response activity to the property and then demanded reimbursement from the taxpayer. These eligibility requirements apply to all qualified taxpayers, including those not known at the time the preapproval application is completed.

Investment eligible for the credit includes the cost of demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment and fixtures. This investment must occur after the date that eligible activities on the property have begun pursuant to a

brownfield plan and after a preapproval letter has been issued. Any investment that is reimbursed will not qualify for a credit.

Investment attributable or related to the operation of, or associated or affiliated with the operation of, a sports stadium or a casino is not eligible for a brownfield credit. In addition, eligible investment cannot include that attributable or related to the construction or expansion of a landfill.

LINE-BY-LINE INSTRUCTIONS

Lines not listed are explained on the form.

PART 1: Qualified Taxpayer Information

All qualified taxpayers who will be making eligible investment should be included on the application. Attach additional pages with appropriate information if needed.

Line 1, Qualified Taxpayer Name. Provide the name and complete address of the qualified taxpayer.

Line 2, Organization Type. Check the box that indicates the organization type of the business.

Line 3, Qualified Taxpayer Federal Employer Identification Number (FEIN) or Treasury (TR) Number. Enter the identification number of the qualified taxpayer. If the qualified taxpayer is an individual and no other account number is available, enter the social security number of the qualified taxpayer.

Line 4. Check the box to indicate whether you own or lease the eligible property. Provide documentation verifying your status as an owner or lessee. (e.g., signed lease agreement, copy of warranty deed, etc.)

If you do not own or lease the eligible property, you are not a qualified taxpayer and are not eligible for this credit. An agreement or option to purchase the property is not valid documentation of an applicant's status as an owner.

Line 6. This application must include the addition of machinery, equipment and fixtures by a lessee if that investment is to be eligible for the credit. If a lessee who will be making eligible investment on the property is not known at this time, indicate that here. The "unknown lessee" must meet the same eligibility requirements as the rest of the qualified taxpayers identified on this application. Their name and certification will be required when the Certificate of Completion is requested.

Line 7. A multiphase project is a project for which the total of all credits is \$1,000,000 or less that has more than one component, each of which can be completed separately. If a project is a multiphase project, when each component of the project is completed a taxpayer may request a component certificate of completion prior to the completion of the entire project and assign the component credit at that time. The project must be an industrial or manufacturing project. Please state whether this project is a multiphase project and, if yes, check the box that applies.

PART 2: General Project Information

Line 8, Contact Person. Provide the name, complete address and daytime telephone number of the person to whom

inquiries regarding the specifics of the application can be made. By signing and dating this form in Part 6, the qualified taxpayer authorizes the department to discuss the specifics of this project with the contact person designated.

Line 9, Estimated Total Cost of Eligible Investment for the Project. Enter an estimate of the total cost of the eligible investment for the project as defined by this application in Question 12a. This may only include work that is performed after the date the preapproval letter is issued. Include the addition of machinery, equipment and fixtures by a lessee if applicable. The addition must be made after the date the Preapproval Letter is issued. Do not include reimbursed costs or the cost of land. This response must match the total of line 11, Column A.

Eligible investment is considered to have been made when the cost of a particular activity is recorded in the taxpayer's books and records, using either a cash or accrual method consistent with the taxpayer's method of accounting used for federal income tax purposes.

Note: A detailed list of actual investment made will also be required prior to the issuance of a Certificate of Completion and will be reviewed to verify eligibility for the credit.

Line 10, Estimated Total of All Credits for the Project. If the estimated total cost of eligible investment for the project is \$10 million or less, the credits are calculated at 10% of the cost. If the estimated total cost of eligible investment for the project is more than \$10 million but you are applying to the Department of Treasury for the credits, this amount cannot exceed \$1 million. A credit in excess of \$1 million requires approval by the Michigan Economic Growth Authority for up to 10% of the eligible investment. Contact the Michigan Economic Development Corporation at (517) 241-5982 for information.

Note: The preapproval letter will establish the maximum cost of eligible investment and credit available for the project based on the information provided on lines 9 and 10. The total of all credits for the project cannot exceed the total credits specified on the preapproval letter.

Line 11. Complete the schedule of planned eligible investment for the project. In column A, enter the estimated cost of the eligible investment. In column B, enter the name of the qualified taxpayer who will be making the investment.

The names in column B should correspond to the qualified taxpayer names in Part 1.

If an unknown lessee will make an eligible investment, indicate the amount of the investment in column A and enter "Unknown" in column B.

Line 11E. Addition of Machinery, Equipment, and Fixtures. Only include the cost of new machinery and equipment or used machinery and equipment purchased from a broker of used equipment.

Note: Only a qualified taxpayer can make eligible investment. Provide a detailed list for each type of eligible investment you have reported.

Line 12a, Project Description. Provide a detailed description of the proposed project, including the purpose of the project; size of project site and building; type of machinery and equipment that will be purchased; infrastructure and site improvements; and any other relevant information about the project.

Attach a copy of the approved brownfield plan designating the eligible property, including any and all attachments. The application will not be considered administratively complete and will not be accepted if the approved brownfield plan designating the eligible property is not attached. Include a copy of the resolution approving the plan.

Attach a map of the project and a map identifying any other eligible property in the city, village or township named in a brownfield plan. Maps must be legible and of sufficient scale to allow identification of parcel and brownfield boundaries.

You may apply for preapproval of a project that has already begun provided that the project otherwise meets all of the requirements specified. However, any credits allowed will only be for eligible investment made **after** the date the preapproval letter is issued. Eligible investment is considered to have been made when the cost of a particular activity is recorded in the taxpayer's books and records, using either a cash or accrual method consistent with the taxpayer's method of accounting used for federal income tax purposes.

Line 12b. If the project for which you will be requesting a credit is part of a larger development (e.g., the investment has already begun or will be completed in phases), provide a description of the larger development.

If this project has already begun, describe the activities that have already occurred, or will have occurred, prior to the date a preapproval letter is received, and indicate the cost. These activities should be of a type that would qualify as eligible investment if they were performed after the date a preapproval letter was issued.

Line 12c. If the project for which you will be requesting a credit is a multiphase project (i.e., is an industrial or manufacturing project that has more than one component), provide a description of each component. Include the eligible investment estimated for each component and the expected date of completion for each. A multiphase project may not be divided into more than three components.

Reminder: Only one credit is available for an eligible property identified under a brownfield plan.

PART 3: Qualifying Criteria

Line 13. Enter the date that eligible activity on the eligible property began or the estimated date it will begin pursuant to the brownfield plan. Eligible activities mean baseline environmental assessment activities, due care activities, additional response activities and relocation of public buildings or operations for economic development purposes. In a qualified local governmental unit, eligible activities also mean infrastructure improvements that directly benefit eligible property; demolition of structures; lead or asbestos abatement; and site preparation.

Line 14. Enter the estimated date that planned eligible investment will begin on the project.

Note: The cost of eligible investment for which a credit may be claimed is the cost of work performed **after** the date that a preapproval letter has been issued.

Line 15. Enter the estimated date the project will be completed.

Note: The following criteria (lines 16-25) must be considered *to the extent reasonably applicable* when approving a project. If any question does not apply to your proposed project, please indicate "not applicable." Attach additional pages if necessary.

Line 16. Describe the overall benefit to the public that will result from the completion of the project (e.g., increased tax revenues, jobs, personal income, neighborhood revitalization).

Line 17. If the project will result in the reuse of vacant buildings or the redevelopment of blighted or functionally obsolete property, describe the extent of the reuse or redevelopment.

Include a description of the existing conditions and an explanation of what makes the property blighted or functionally obsolete. Explain how and to what extent the project will alleviate these conditions.

New: If the project is on property that is functionally obsolete, you must include an affidavit signed by a level 3 or level 4 assessor that states that the property is functionally obsolete and the basis for that opinion. See definitions on the final page of these instructions for a definition of "functionally obsolete."

Line 19. Describe any private sector contribution related to the project that is not included in Question 11 (e.g., foregoing a local property tax abatement to increase the local tax capture on the project; making a financial contribution to a Downtown Development Authority to increase parking near the project; etc.).

Line 20a. Describe the types and number of permanent or temporary jobs to be created by the project. Indicate whether jobs are full or part-time, whether they include a benefit package, and the average hourly wage or salary for each type. Describe the basis for your estimates.

Line 20b. Indicate how many of the jobs being created by this project will be relocated from another location and enter the address of the other location.

Line 20c. Indicate how many of the estimated jobs will be provided by an unknown lessee.

Line 22. List the type and dollar value of any local, state or federal incentives associated with this project (e.g., tax credits, grants, loans, property tax abatements, tax increment financing, etc.).

Line 24. If you are moving or will be moving within the next 5 years as a result of the eligible investment, enter the address of the property from which you are moving. If there is a new owner or occupant of that property, please identify. If there is

not a new owner or occupant of that property, explain whether you will have any cleanup responsibility for the former location or why the former location will not become blighted or functionally obsolete.

Line 25. Describe any other factors that should be considered in evaluating this project.

Line 26. Attach 3 years' audited financial statements for each qualified taxpayer in Part 1. Unaudited statements will be accepted if audited statements are not available. If a qualified taxpayer cannot provide three years of financial statements: (1) Explain why, and (2) Provide alternate information describing the financial capacity of the qualified taxpayer, or of affiliated entities which will assume financial responsibility for the eligible investment identified in Question 11. Copies of tax returns are not an acceptable alternative.

In addition, identify the sources and uses of funds necessary to complete the project. Provide a Projection of Operating Expenses and Income for the project for a sufficient number of years to demonstrate the project's economic viability.

Provide any other information needed to support a conclusion that the qualified taxpayer is financially sound and that the project is economically sound.

Line 27. If an alternative Greenfield site was considered for this project, give the address of the site considered and complete all three columns of this **Cost Comparison**. If no alternative Greenfield site was considered, check the box and complete only the first column.

PART 4: Municipality Certification

This portion must be completed by the authorized clerk of the municipality to certify that the property on this application is designated as an eligible property in an approved brownfield plan.

Line 28, Parcel Number(s). Enter the parcel number(s) of the eligible property designated under the brownfield plan.

Line 29, Date Brownfield Plan was Approved. Provide the date the brownfield plan designating the eligible property was approved by the governing body of the municipality or county.

Line 30, Street Address. Enter the complete address(es) of the eligible property under the brownfield plan.

Line 31, Name of the Qualified Local Unit of Government. If the property is located in a qualified local unit of government, specify that location. See attached list.

Line 32, Type of Eligible Property. Check the box that describes the type of property as indicated on the brownfield plan. A facility means that term as defined in section 20101 of the Natural Resources and Environmental Protection Act, MCL 324.20101. Blighted and functionally obsolete property are defined in the Brownfield Redevelopment Financing Act, MCL 125.2652.

Line 33-35, Certification. Enter the name of the city, township, village, or county that established the Brownfield Authority that designated the eligible property for the project. If the municipality is a city, township or village, identify the county it is located in. Enter the signature and telephone

number of the authorized clerk. The seal of the authorized municipality must be affixed to this document for the application to be valid.

PART 5: Designated Representative

If there is more than one qualified taxpayer, the qualified taxpayers identified in Part 1 must designate authority to one qualified taxpayer to determine when a project is complete and a Certificate of Completion may be requested. In addition, the designee will be given authority to determine how the credit will be distributed among the qualified taxpayers if the cost of eligible investment upon completion exceeds the amount included in the preapproval letter. If this is a multiphase project, this designated qualified taxpayer will also determine how credits will be distributed when a component Certificate of Completion is requested.

PART 6: Qualified Taxpayer Certification

This application must be signed by all qualified taxpayers named in Part 1. Unsigned applications will not be considered administratively complete and will be returned unprocessed.

PART 7: Mailing Information

If the cost of the eligible investment for the project does not exceed \$10 million and the total credit does not exceed \$1 million, **OR** if the cost of the eligible investment for the project is more than \$10 million but the total credit does not exceed \$1 million, **send applications to:**

Michigan Department of Treasury
Brownfield Redevelopment Credit/SBT
P.O. Box 30482
Lansing, MI 48909-7982

Use the address below **only** for overnight delivery or for delivery in person:

Michigan Department of Treasury
Brownfield Redevelopment Credit/SBT
430 W. Allegan
Lansing, MI 48922

Do not use this application if the cost of the eligible investment for the project exceeds \$10 million and the total credit exceeds \$1 million. If applicable, please contact:

Michigan Economic Development Corporation
Michigan Economic Growth Authority
300 North Washington Square, 4th Floor
Lansing, MI 48913

Questions

For general information concerning the credits approved by the State Treasurer, or the Treasurer's designee, contact the Department at (517) 373-3196.

For information concerning applications to the Michigan Economic Growth Authority, please contact the Michigan Economic Development Corporation at (517) 241-5982.

For information about eligibility requirements or how to file a brownfield plan, contact your local Brownfield Redevelopment Authority or municipality.

Additional information and forms are available on Treasury's Web site at: **www.michigan.gov/treasury**

Qualified Local Governmental Units

Adrian	Detroit	Ironwood	Pinconning
Albion	Dowagiac	Ishpeming	Pontiac
Alma	East Lansing	Jackson	Port Huron
Alpena	Eastpointe	Kalamazoo	Redford Twp. (in Wayne Co.)
Ann Arbor	Ecorse	Lansing	River Rouge
Baldwin Village	Escanaba	Lincoln Park	Royal Oak Twp. (in Oakland Co.)
Bangor	Ferndale	Livonia	Saginaw
Battle Creek	Flint	Ludington	Saint Louis
Bay City	Genesee Twp. (in Genesee Co.)	Manistee	Sault Saint Marie
Benton Harbor	Gibraltar	Manistique	Southfield
Benton Twp. (in Berrien Co.)	Gladstone	Marquette	Stambaugh
Big Rapids	Grand Haven	Melvindale	Sturgis
Bronson	Grand Rapids	Midland	Taylor
Buena Vista Twp. (in Saginaw Co.)	Grayling	Monroe	Traverse City
Burton	Hamtramck	Mount Morris	Trenton
Cadillac	Harbor Beach	Mt. Morris Twp. (in Genesee Co.)	Vassar
Carson City	Harper Woods	Mount Pleasant	Wakefield
Caspian	Hazel Park	Muskegon	Warren
Cheboygan	Highland Park	Muskegon Heights	Wayne
Coleman	Holland	Oak Park	Wyandotte
Dearborn	Inkster	Onaway	Ypsilanti
Dearborn Heights	Ionia	Owosso	
	Iron River		

All units are cities unless otherwise designated.

Definitions:

Blighted means property that has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance; is an attractive nuisance to children because of physical condition, use or occupancy; is a fire hazard or otherwise dangerous to the safety of persons or property; has had the utilities, plumbing, heating or sewage permanently disconnected, destroyed, removed or rendered ineffective so that the property is unfit for its intended use; or is tax reverted property owned by a qualified local governmental unit, county or this state.

Brownfield plan means a plan that meets the requirements of section 13 and is adopted under section 14 of the Brownfield Redevelopment Financing Act by a local Brownfield Redevelopment Authority and approved by the municipality. A brownfield plan may apply to one or more parcels of eligible property whether or not those parcels are contiguous and may be amended to apply to additional parcels of eligible property.

Eligible activities mean baseline environmental assessment activities, due care activities, additional response activities and relocation of public buildings or operations for economic development purposes. In a qualified local governmental unit, eligible activities also mean infrastructure improvements that directly benefit eligible property; demolition of structures; lead or asbestos abatement; and site preparation.

Eligible investment means demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment and fixtures. These activities must occur **after** the date that eligible activities on the property have begun pursuant to a brownfield plan and **after** a preapproval letter has been issued. To the extent reimbursed by another party, investment will not qualify for a credit.

Eligible property means property for which eligible activities are identified in a brownfield plan under the Brownfield Redevelopment Financing Act, that was used or is currently used for commercial, industrial, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Facility means any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the requirements of section 20120a(1)(a) or (17) of the natural resources and environmental protection act have been released, deposited, or disposed of, or otherwise comes to be located.

Functionally obsolete means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that effect the property itself or the property's relationship with other surrounding property.

A **multiphase project** means a project for which the total of all credits is \$1,000,000 or less that has more than 1 component, each of which can be completed separately. A multiphase project must be an industrial or manufacturing project.

A **project** is the total of all eligible investment on an eligible property.

A **qualified taxpayer** must own or lease eligible property, and must certify that the Department of Environmental Quality (DEQ) has not sued or issued a unilateral order to the taxpayer pursuant to Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel response activity on that property. In addition, DEQ may not have expended any state funds for response activity to the property and then demanded reimbursement from the taxpayer.

Site improvement means privately financed, tangible improvements to a project site that increase the monetary and functional value of the project site. Site improvements include, but are not limited to, clearing land, adding sewer or water lines or other utilities, relocating existing utilities, landscaping, adding or removing soils, installing fences, lighting, walkways, driveways, or parking lots, trenching and pit excavation costs, and related improvements.